

PROCLAMATION NO..../2024

THE NATIONAL BANK OF ETHIOPIA PROCLAMATION

WHEREAS, it is necessary to maintain price stability and ensure sound financial system for the rapid economic growth of Ethiopia;

WHEREAS, it is necessary to redefine the powers and functions of the National Bank of Ethiopia to enhance its regulatory competence in line with the contemporary developments in the financial sector;

WHEREAS, it is deemed necessary to enhance the credibility, accountability, transparency and governance of the National Bank of Ethiopia in line with international best practice;

NOW, THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows:

PART ONE

GENERAL

1. Short Title

This Proclamation may be cited as “The National Bank of Ethiopia Proclamation No. --
-----/2024”.

2. Definition

In this Proclamation unless the context requires otherwise:

- 1/ “authorized dealer” means any person other than a bank, which is authorized by the National Bank to engage in foreign exchange transactions;
- 2/ “Bank” means a private or state-owned bank, a foreign bank subsidiary or a branch of a foreign bank licensed by the National Bank to undertake banking business;
- 3/ “Board” means the National Bank’s Board of Directors;

- 4/ “Financial Service Consumer” means a person who uses, has used, or is contemplating to use, any of the services provided by a financial institution as to be determined by Council of Ministers Regulation;
- 5/ “financial institution” means a bank, an insurance company, a reinsurer, a micro finance institution, a micro insurance provider, payment instrument issuer, payment system operator, a capital goods finance company, a money transfer institution, representative office of a foreign bank, a postal money transfer institution or such other similar institution as determined and licensed by the National Bank;
- 6/ “foreign currency” means any currency other than Ethiopian legal tender which is legal tender in any country outside Ethiopia as to which the National Bank has declared it to be acceptable for payment in Ethiopia;
- 7/ “foreign exchange” means any foreign currency, cheques, bills of exchange, promissory notes, drafts, securities, and other negotiable instruments, expressed in foreign currency as well as bank balances in account held in foreign currency or assets in the form of foreign account crediting or set-off arrangements, expressed or payable in foreign currencies, provided they are acceptable by the National Bank;
- 8/ “Government” means the Government of the Federal Democratic Republic of Ethiopia;
- 9/ “liquid assets” in relation to financial institutions include:
 - a) cash;
 - b) deposits in the National Bank and other liquid-assets to be determined by the National Bank directive;
- 10/ “Macprudential Policy” means the use of prudential tools with the explicit objective of promoting the stability of the financial system as a whole, not necessarily of the individual institutions within it.
- 11/ “Ministry” means the Ministry of Finance or the Ministry for the time being responsible for matters relating to finance of the government;

12/ “Monetary liabilities” means the currency in circulation and all financial claims to the National Bank, except the National Bank’s liabilities to the Government and international financial organizations;

13/ “National Bank” means the National Bank of Ethiopia, which is the central bank of the country;

14/ “regulatory sandbox” means a regulatory framework that allows for a live and time-bound testing of innovative financial services under the National Bank’s control and oversight, prior to authorization or licensing by the National Bank;

15/ “reproduction” shall mean any tangible or intangible image that uses all or part of a legal tender issued or minted by the National Bank, or parts of its individual design elements such as color, dimensions, weight and use of letters or symbols, which image may resemble or give the general impression of a genuine legal tender issued or minted by the National Bank, irrespective of:

- a) the size of the image; or
- b) the material or technique used to produce it; or
- c) whether or not elements of the design of the legal tender, such as the letters or symbols, have been altered or added to.

16/ “resolution” means a process undertaken by the National Bank to deal with likely to fail or a failed financial institution so as to protect depositors, or minimize the losses to creditors through adoption of various resolution tools as provided under relevant laws;

17/ “transaction in foreign exchange” means:

- a) the transfer, borrowing, lending, assignment, exchange, purchase, sale, receipt, payment or crediting of foreign exchange; and
- b) the conclusion of any contract, agreement or understanding, as a result

of which any foreign exchange is transferred, borrowed, lent, assigned, exchanged, purchased, sold, received, paid or credited within or outside Ethiopia;

18/ “valuable good” or “valuable thing” means anything of value; but shall not include foreign exchange which a passenger brings with him into Ethiopia or any baggage of a passenger as provided in the Customs Tariff Regulation;

19/ “General government domestic revenue” means the sum of the domestic revenue of regional states, city administrations and the federal government.

20/ “person” means any natural or juridical person;

21/ any expression in the masculine gender includes the feminine.

PART TWO

ORGANIZATION, OBJECTIVES AND FUNCTIONS OF THE NATIONAL BANK

3. Legal Status

- 1/ The National Bank of Ethiopia established by Order No. 30/1963 shall continue to exist as an autonomous institution and shall henceforth be governed by this Proclamation.
- 2/ The National Bank, in performance of its objectives, shall exercise all of its powers and functions without any interference.
- 3/ The decision of the National Bank, adopted pursuant to this Proclamation, shall be impartial, and based on objective reason.
- 4/ The National Bank shall be accountable to the Prime Minister.
- 5/ The National Bank shall have its own juridical personality, and in particular, the capacity to:
 - a) enter in to contract;
 - b) sue and be sued;
 - c) own, acquire, possess and dispose its property by sale or in any other manner;
and
 - d) exercise all the powers pertaining to a legal person and may do all things necessary to carry out its functions subject to this Proclamation.
- 6/ Without prejudice to its autonomy, the National Bank shall closely work with the

Ministry to ensure the:

- a) exchange of information necessary for the implementation of the Government's fiscal policy and the National Bank's monetary and financial sector policies; and
- b) coordination of measures adopted by the Ministry and the National Bank within their respective competences to manage a possible financial crisis.

4. Head Office

The National Bank shall have its head office in Addis Ababa and may:

- 1/ open and close branch offices in Ethiopia; and
- 2/ designate and revoke the designation of agents and correspondent banks in Ethiopia and abroad.

5. Objective of the National Bank

- 1/ The primary objective of the National Bank shall be to formulate and implement monetary policy to maintain price stability.
- 2/ Without prejudice to sub article (1) of this article, the National Bank shall ensure the stability and soundness of the financial system.
- 3/ Without prejudice to sub articles (1) and (2) of this article, the National Bank shall support the general economic growth of the country.

6. Powers and Duties of the National Bank

For the fulfillment of its objectives, the National Bank shall have the powers and duties to:

- 1/ set price stability target in consultation with pertinent government organs;
- 2/ determine the monetary policy instruments;
- 3/ issue its own debt and payment instrument;
- 4/ issue its own short-term debt instrument as part of open market operations;
- 5/ regulate and determine the supply and availability of money and credit as well as the applicable interest rates and other charges;

- 6/ formulate and implement foreign exchange rate policy;
- 7/ formulate and implement macro-prudential policies and tools in accordance with this Proclamation and other relevant laws to contribute to the resilience of the financial system, management of risks and the maintenance of financial stability.
- 8/ license, regulate and supervise financial institutions;
- 9/ regulate corporate governance and board composition of financial institutions;
- 10/ act as a resolution authority for a financial institution as provided in relevant laws;
- 11/ manage and administer all international reserves of the country;
- 12/ set limits on the net foreign exchange position of a bank and on the terms and the amount of external indebtedness of a financial institution;
- 13/ accept deposits of any kind from foreign sources;
- 14/ act as a banker, fiscal agent and financial advisor to the Government;
- 15/ print, mint, circulate or cause to be printed, minted and circulated legal tender;
- 16/ dispose or cause to be disposed legal tender;
- 17/ set cash withdrawal and holding limits;
- 18/ mint special commemorative coins;
- 19/ set limits on gold and silver bullion and foreign exchange assets which a bank, authorized dealer or any person can hold;
- 20/ own, establish, operate, modernize, conduct, monitor, regulate and supervise payment, clearing and settlement systems and Central Security Depository as case may be;
- 21/ establish and implement a regulatory sandbox framework that will enable testing and introduction of new and innovative financial services to the market.
- 22/ license and authorize foreign exchange dealers;
- 23/ enter into bilateral or multilateral international agreements for the purpose of

executing its mandate and responsibilities when it deems necessary in consultation with the concerned government organ;

24/ act in compliance with international monetary, banking agreements and other related agreements to which Ethiopia is a member and represent Ethiopia in international financial organizations;

25/ regulate and supervise the market conduct of a financial institution;

26/ provide administrative decisions when a dispute arises between a financial institution and its financial service consumer;

27/ regulate advertisement of financial services of a financial institution;

28/ promote and regulate financial inclusion and financial education;

29/ establish training and research center to provide trainings and conduct research works to support the development of financial sector;

30/ collect data from any person and prepare periodic economic studies, on the balance of payments, money supply, price forecasts and other relevant statistical indicators to analyze, formulate and determine monetary, financial, saving and foreign exchange policies as are useful to the economy and ensure the safety and integrity of the financial system including financial infrastructure.

31/ exercise such other powers and functions to execute its objectives as central banks customarily perform.

7. Prohibited Activities

1/ Except as otherwise provided under this Proclamation, the National Bank shall not:

- a) grant any financial assistance, whether in the form of a direct or indirect loan, or by purchasing a loan, participation to a loan or the use of any instrument that results in any liabilities, guarantee, or in any other similar action to any third party; or

- b) practice commercial activities, such as purchasing shares of business organizations, and the acquisition of any ownership right of a financial, commercial, agricultural, or industrial nature.
- 2/ Notwithstanding sub article 1(b) of this article, the National Bank can invest in legal entities that are necessary for the exercise of its powers and duties.

PART THREE

FINANCE AND AUDIT

8. Capital and Reserve

- 1/ The capital of the National Bank shall be totally owned by the Government. The authorized capital of the National Bank is Br. 20,000,000,000 (Twenty Billion Birr) of which the minimum paid-up capital is Br. 10,000,000,000 (Ten Billion Birr).
- 2/ Notwithstanding sub-article (1) of this article:
 - a) The authorized capital referred under sub-article (1) of this article may increase by an amount and in a manner to be decided by the Board.
 - b) The Board may increase the minimum paid-up capital referred under sub-article (1) of this article by transfer from the General Reserve Account.
- 3/ The Government shall ensure that the paid up capital of the National Bank remains undiminished at all times.
- 4/ If the National Bank has net profits by the end of a financial year, it shall be distributed in the following sequence:
 - a) The unrealized gains obtained as a result of revaluation shall not be included in the determination of distributable profits and shall be transferred to the revaluation reserve;
 - b) The net profit remaining after it has been deducted pursuant to sub-article (4(a)) of this article, shall be transferred to the General Reserve Fund until

such fund equals to 5% (five percent) of the monetary liabilities of the National Bank and no distributions shall be made to the Ministry by any means until such time;

- c) Where the amount of net profit required to be transferred into the General Reserve Fund in accordance with sub-article (4(b)) of this article reaches the maximum threshold set thereon, the remaining net profits shall be transferred to the account of the Ministry within six months after the end of the financial year;
- d) In the absence of a revaluation reserve account or in the event when the revaluation reserve account referred to under sub-article (4(a)) of this article is negative, the net unrealized losses shall be deducted from the net profit prior to its distribution;
- e) Net losses of the National Bank shall be debited from the General Reserve Fund; and
- f) If at any time, as a result of net losses sustained by the National Bank, the General Reserve Fund is less than the monetary liabilities of the National Bank, sub-article (4(b)) of this Article shall be applicable.

5/ Unless determined otherwise by the Board, the National Bank shall not pay any interim dividends to the Ministry.

6/ The Government shall ensure that the National Bank is kept solvent at all times.

Provided that where the total equity, excluding all revaluation reserves of the Bank falls below the amount of paid-up capital, the Board shall request the Council of Ministers which shall cause the Ministry to make a capital contribution to remedy the deficit with a view to restoring the paid-up capital to its statutory level.

7/ Following a decision by the Council of Ministers, the Ministry shall within a period of no more than one year, transfer the necessary amount in currency or in debt instruments to the National Bank with a maturity issued at prevailing

market-related interest rates; such amount shall be included in the budget law that will be or has been prepared for approval by the government for that particular fiscal year.

9. External Audit

- 1/ Notwithstanding any law requires to the contrary, the annual financial statements, accounts and records of the National Bank shall be audited by external auditor in accordance with International Standards on Auditing.
- 2/ The Board shall appoint external auditor who has experience in International Financial Reporting Standards and auditing Central Bank or financial institution.
- 3/ The term of office of external auditor appointed as per sub article 2 of this article may not exceed a period of 5 (five) years; and may be eligible for re-appointment for one more term in office.
- 4/ An auditor who continuously served for a period of 10 (ten) years pursuant to sub article 3 of this article, may not be reappointed before the expiration of a period of 5 (five) years from the date of termination of its last appointment.
- 5/ The National Bank may consult the Federal Auditor General with regards to the appointment of an external auditor under sub-article 2 of this Article.

10. Financial Year and Financial Statements

- 1/ The financial year of the National Bank shall begin on 1st July and end on 30th June of the next year.
- 2/ The profit and loss account, balance sheet and notes to the accounts of the National Bank shall be prepared in accordance with International Financial Reporting Standards.
- 3/ A completed audit report shall be issued by the external auditor to be reviewed by the National Bank's Board of Directors' Audit Committee and be presented for the

Board's approval.

- 4/ The National Bank shall, within six months from the end of each financial year, submit to the House of People's Representatives its annual financial statements certified by the External Auditor.
- 5/ Financial statements duly audited and signed by the external Auditor shall be published in the annual report to be issued by the National Bank within 6 (six) months after the end of the financial year.

11. Internal Audit Function

- 1/ The National Bank shall have an internal audit function, composed of persons having competences in audit, accounting, finance, and information technologies and shall be headed by the Chief Internal Auditor.
- 2/ The Chief Internal Auditor:
 - a) shall perform the functions of the office with a high degree of professional independence;
 - b) shall be appointed for a period of 5 (five) years, which may be renewed once, by the Board upon the proposal of the Audit Committee;
 - c) shall be dismissed by way of a reasoned decision of the Board in the event of proven serious misconduct;
 - d) may resign from office subject to a three month prior notification submitted to the Chairman of the Board; and
 - e) reports administratively to the Governor, and functionally to the Board through the Audit Committee.
- 3/ The National Bank's internal audit function shall have its duties established in a Charter adopted by the Board in line with the standards promulgated by the Institute of Internal Auditors.

PART FOUR

GOVERNANCE OF THE NATIONAL BANK

12. The National Bank shall have:

- 1/ Board of Directors;
- 2/ Governor and Vice Governors and
- 3/ The necessary staff.

13. Composition, Qualification and Appointment of the Board

- 1/ There shall be board of the National Bank which is composed of the following 9 (nine) members:
 - a) The Governor of the National Bank who shall be a permanent ex-officio member;
 - b) One Vice Governor appointed by the Prime Minister;
 - c) The Chairperson of the Board and 6 (six) other non-executive members who shall be appointed by the Prime Minister.
- 2/ The Board composition shall include female members.
- 3/ A Board member other than the Governor and the Vice Governor should demonstrate that he:
 - a) is an Ethiopian National;
 - b) has a sound reputation;
 - c) is honest and has integrity;
 - d) has a minimum of 10 (ten) years of professional experience; and
 - e) has academic qualifications in banking, economics, finance, law, auditing, accounting, or other fields relevant to the functions of the National Bank.

4/ Without prejudice to sub article (3) of this Article, a Board member other than the Governor and the Vice Governor shall not be:

- a) a director, chief executive officer, senior executive officer, employee, partner or shareholder of a financial institution supervised by the National Bank or of any legal entity controlling a financial institution; and
- b) an employee of the National Bank.

5/ Notwithstanding to sub-article (4(a)) of this Article, if a person has been a significant shareholder of a financial institution as defined in the relevant law, or member of the board of directors, chief executive officer, or senior executive officer of a financial institution within two years preceding the receivership, compulsory liquidation, or license withdrawal except for a withdrawal upon a request of the licensee or a merger of such entity may not be appointed as Board member.

14. Term, Remuneration and Allowance of the Board

- 1/ A Board member shall hold office for a period of six years and may be eligible for re-appointment for one more term in office.
- 2/ The Prime Minister shall fix the amount of remuneration and allowance payable to the members of the Board at minimum consistent with the comparable average rate in the financial sector of Ethiopia for a Board of Director.
- 3/ The remuneration and allowance fixed in accordance with sub article 2 of this shall not be reduced during their term of appointment.

15. Removal or Resignation of members of the Board

Any member of the Board appointed under Article 13 sub article 1(c) shall be removed from office if he:

- 1/ delivers to the Prime Minister a written resignation of his appointment, and his request for resignation is accepted by the Prime Minister;

- 2/ no longer fulfills the requirements listed under sub article 3 and 4 of Article 13 considered at the time of his appointment;
- 3/ is unable to perform his duties due to physical or mental disability certified by qualified professionals;
- 4/ becomes bankrupt;
- 5/ is convicted of a criminal offence involving dishonesty or of any criminal offence for which he has been sentenced to imprisonment for a term of six months or more;
- 6/ is guilty of serious misconduct in relation to his duties as a member of the Board;
or
- 7/ becomes involved in any activity which may interfere with his independence in discharging his duties.

16. Powers and Duties of the Board

- 1/ The Board shall formulate monetary and financial policies necessary for the achievement of the objectives entrusted to the National Bank.
- 2/ The Board shall conduct oversight of the management of the National Bank and keep under constant review the performance of the National Bank.
- 3/ Without prejudice to the generality of sub-article 1 and 2 of this Article, the Board shall:
 - a) approve Directives, policies, strategies and draft Proclamation and Regulation initiated by the National Bank;
 - b) approve the budget of the National Bank, budget execution and financial reporting framework;
 - c) approve the National Bank's Human Resource policy;
 - d) approve the remunerations and benefits of the employees' of the National Bank;

- e) approve the National Bank's annual report and the annual financial statements that are to be submitted to the House of People's Representatives;
 - f) adopt policies to maintain internal control, risk management, information technology and security system, and evaluate continuously the functioning of such systems;
 - g) approve the National Bank's procurement and property disposal framework;
 - h) approve National Bank's Code of Conduct;
 - i) approve the appointment and removal of senior management of the National Bank;
 - j) appoint the Chief Internal Auditor upon the proposal of the Audit Committee;
 - k) appoint and remove the external auditor of the National Bank; and
 - l) approve the National Bank's organizational structure, decision-making processes, delegation of authority, and the establishment of Board committees to assist it in its duties.
- 4/ The Board may where it deems necessary delegate its power to one or more Board members, the Governor, Vice Governor(s), or a committee, except the powers related with:
- a) policy formulation;
 - b) its oversight role;
 - c) strategic decision making;
 - d) approval of financial reports;
 - e) appointment and removal of external auditor of the National Bank;
 - f) approval of the appointment and removal of senior management of the National Bank; and
 - g) the issuance of a Directive.

5/ A person to whom any power of the Board is delegated:

- a) shall exercise the power in accordance with the delegation.
- b) may sub-delegate the function or power only with the prior written consent of the Board.
- c) may be instructed by the board to report regularly or as needed.

6/ No delegation under this Proclamation:

- a) affects or prevents the exercise of any power or any further instructions by the Board.
- b) affects the responsibility of the Board for the actions of any delegate acting under the delegation.
- c) be affected by any change in the Board.

7/ A delegation given by the board may be revoked at any time.

17. Audit Committee

1/ The Board shall have an Audit Committee composed of at least three non-executive Board members. At least one member of the Audit Committee shall have experience in auditing or accounting.

2/ The Audit Committee shall oversee:

- a) the process of financial reporting of the National Bank;
- b) the activity and independence of the external auditor;
- c) the appointment and removal of an external auditor;
- d) the Internal audit function;
- e) follow up of internal and external audit findings; and the efficiency of the internal control system and the risk management in the National Bank.

3/ The detailed mandate of the Audit Committee shall be determined by the Board.

4/ The Audit Committee shall meet at least once every three months, provide regular updates to the Board, and submit regular reports on its activities, which may contain recommendations for the optimization of processes of the National Bank.

18. Meeting of the Board

1/ Meetings of the Board shall be called by the Chairperson or, in his absence, by a member of the Board delegated by him.

2/ Meetings of the Board shall be held at least once every month; provided, however, that the Chairperson or, in his absence, the person delegated by him, may call a meeting at any time or when the Governor or three board members so request.

3/ The presence of 5 (five) members of the Board shall constitute a quorum; provided, however, the Chairman or his delegate and the Governor or Vice Governor shall be present in the meeting.

4/ All decisions of the Board shall be made by a simple majority vote of the members present. In case of a tie, the Chairperson or his delegate shall have a casting vote.

5/ A member who has an interest in a matter that is being considered by the Board shall disclose in writing to the board the nature of that interest and shall not participate in the deliberation of the board on that matter.

6/ The Board shall have its own secretary.

7/ Minutes of meetings of the Board shall be recorded accurately and in such form as the Board may determine. Unless the Board decides otherwise, minutes of the Board shall be confidential.

8/ Without prejudice to the provision of this article, the Board may adopt its own rules of meeting procedures.

19. Appointment, Term of Office, Qualification and Remuneration of Governor and Vice Governors

1/ The Governor and the Vice Governors shall be appointed by the Prime Minister for a term of 6 (six) years each and may be eligible for re-appointment for one more term in office.

2/ The Governor and the Vice Governors shall have demonstrated that they:

- a) are an Ethiopian National;
- b) have a sound reputation;
- c) are honest and have integrity;
- d) have minimum of 10 (ten) years of professional experience; and
- e) have academic qualifications in economics, banking, finance, law or other fields relevant to the functions of the National Bank.

3/ The Governor and Vice Governors:

- a) shall devote the whole of their professional time to the service of the Bank.
- b) shall not be a director, chief executive officer, senior executive officers, employee, partner or shareholder of any financial institution supervised by the National Bank, or of any legal entity controlling a financial institutions;

4/ Notwithstanding to sub-article (3(b)) of this Article, if a person has been a significant shareholder of a financial institution as defined in the relevant law, or member of the board of directors, chief executive officer, or senior executive officer of a financial institution within two years preceding the official administration, compulsory liquidation, or license withdrawal except for a withdrawal upon a request of the licensee or a merger of such entity may not be appointed as Governor or Vice- Governors.

- 5/ The Board shall fix the remuneration of the Governor and Vice Governors at minimum consistent with the comparable average rate in the financial sector of Ethiopia.
- 6/ The allowance fixed for the Governor and Vice Governor in accordance with sub article 5 of this article shall not be reduced during their term of appointment.

20. Resignation or Removal of Governor or Vice Governor

- 1/ The Governor or Vice Governor shall be removed from office if he:
 - a) delivers to the Prime Minister a written resignation of his appointment, and his request for resignation is accepted by the Prime Minister;
 - b) no longer fulfills the requirements listed under sub article 2 and 3 of Article 19 considered at the time of his appointment;
 - c) is unable to perform his duties due to physical or mental disability certified by qualified professionals;
 - d) becomes bankrupt;
 - e) is convicted of a criminal offence involving dishonesty or of any criminal offence for which he has been sentenced to imprisonment for a term of three months or more;
 - f) is guilty of serious misconduct in relation to his duties;
 - g) becomes involved in any activity which may interfere with his independence in discharging his duties.
- 2/ The Governor or Vice Governors shall not work for any financial institution, neither as consultant nor as employee, within a period of one year after the termination of their assignment for the National Bank.
- 3/ During the cooling period stated under sub-article 2 of this Article, except in case the Governor or the Vice Governor leave office because of criminal conviction or sentence or found guilty of serious misconduct as stated

under sub-article 1(e and f) of this Article, he shall be entitled to receive remuneration to be determined by the Board.

21. Powers and Duties of the Governor of the National Bank

- 1/ The Governor of the National Bank shall be the chief executive officer of the National Bank, and as such, he shall direct the administration and operations of the National Bank, and implement the policy decisions of the Board in accordance with this Proclamation and other relevant laws.
- 2/ The Governor shall prepare in consultation with Vice Governors the plans and annual budgets of the National Bank and, upon approval by the Board, implement the same.
- 3/ The Governor shall be the principal representative of the National Bank, and in this capacity he shall:
 - a) represent the National Bank in its all relations with other persons, the Government, the International financial organization and other relevant international institutions;
 - b) sign individually or jointly with other authorized officers of the National Bank on contracts concluded by the National Bank, Directives approved by the Board, currency notes or securities issued by the National Bank, annual reports and financial statements approved by the Board, correspondence and other documents of the National Bank; and
 - c) represent the National Bank, either personally or through counsel, in any legal proceeding to which the National Bank is a party.

4/ The Governor may establish committees to assist him in the discharge of the powers and duties allocated to him.

5/ Subject to sub-article 7 and sub-article 8 of this article, the Governor may delegate part of his powers and duties to the Vice Governor(s), other employee or committees. In such a case, the provisions of Article 16, sub-article 5 to 7 shall apply mutatis mutandis.

6/ Unless already delegated to a committee where the Governor and relevant Vice Governor(s) are a member of, the Governor may not delegate his duties and powers regarding the following decisions, which shall be taken in consultation with the relevant Vice Governors;

a) The adoption of decisions pertaining to financial institution as per relevant laws for:

- i. the approval, suspension or revocation of license to a financial institution;
- ii. the approval of mergers and acquisitions involving financial institution;
- iii. the approval for appointment, suspension and removal of a director, chief executive officer, senior executive officer, and external auditor of a financial institution;
- iv. putting a financial institution under official administration, appointment and dismissal of a official administrator and approval of a official administrator's proposed action as per the relevant laws.

b) Extending loans to a bank under article 30 of this Proclamation.

7/ To allow the Board to properly conduct its duties as described under Article 16 of this Proclamation, the Governor shall at least every month, and promptly in case of material developments concerning the achievements of the National Bank's objectives, report to the Board on main issues related to:

a) the administration and operations of the National Bank;

b) the implementation of the monetary, exchange rate, and financial sector policies;

c) the soundness of the financial system in general and the banking system in particular; and

d) the state of the money, capital and foreign exchange markets.

22. Powers and Duties of the Vice Governor(s) of the National Bank

1/ The Vice Governors of the National Bank shall perform functions specifically assigned to them by the Governor.

2/ The Vice Governor who is specifically delegated shall act on behalf of the Governor in his absence.

23. Monetary Policy Committee

1/ The Monetary Policy Committee is hereby established under the National Bank by this Proclamation with the responsibility to prepare and propose monetary policy to be approved by the Board.

2/ The Monetary Policy Committee shall consist of the following seven (7) members:

a) The Governor of the National Bank...chairperson;

b) Vice Governor of the National Bank as designated by the Governor...deputy

chairperson;

c) 5 (five) Monetary policy analysis and operations experts of the National Bank as appointed by the Governor....members;

3/ The monetary policy committee may include 2 (two) external experts who are not employees of the National Bank and who will be appointed by the Board up on the recommendation of the Governor; these external experts:

a) shall be selected based on their knowledge and experience in Monetary policy;

b) shall not be a director, chief executive officer, senior executive officer, employee, partner or shareholder of a financial institution supervised by the National Bank or of any legal entity controlling a financial institution;

c) shall serve for the term of three years and may be re-elected for additional one term.

4/ If the National Bank appoints external experts who are not its employees in accordance with sub-article 3 of this article, the number of monetary policy analysis and operation experts who are members of the Monetary policy committee will be reduced accordingly.

5/ The monetary policy committee members that are appointed in accordance with sub-article 3 of this article shall be paid such remuneration and allowance as may be determined by the Board.

6/ The Board may remove a member of the Monetary Policy Committee appointed in accordance with sub article 3 of this Article if he:

a) no longer fulfills the requirements listed under sub article 3(b) of this Article considered at the time of his appointment;

- b) is guilty of serious misconduct in relation to his duties as a member of the committee;
- c) becomes bankrupt as stipulated under the relevant laws;
- d) becomes involved in any activity which may interfere with his independence in discharging his duties;
- e) is unable to perform his duties due to physical or mental disability certified by qualified professionals;
- f) is convicted of a criminal offence involving dishonesty or of any criminal offence for which he has been sentenced to imprisonment for six months or more;

7/ The Monetary Policy Committee:

- a) shall meet every two months and whenever necessary upon invitation by the Chairperson or in his absence, by the Deputy Chairperson.
- b) shall constitute a quorum when at least five (5) of the members are present; however, one of them shall be the Governor or Vice Governor.
- c) decision shall be made by simple majority vote of the members present. In case of a tie, the Chairperson or his delegate shall have a casting vote.
- d) may adopt its own rules of meeting and internal working procedures without prejudice to the provisions of this Proclamation.

8/ The Monetary Policy Committee shall have its own secretary.

9/ The National Bank shall publish a monetary policy statement when the board approves the recommendations of the monetary policy committee with the rationale for such decision.

24. Financial Stability Committee

1/ The Financial Stability Committee is hereby established under the National Bank by this Proclamation with a mandate to:

- a) regularly assess, analyze and identify systemic risks to the financial system;
- b) propose macro and micro prudential policies to be decided by the board; and
- c) propose policies related to the Lender of Last Resort and other tools at the National Bank's disposal for crisis management to be decided by the Board.

2/ The Financial Stability Committee shall consist of the following seven (7) members:

- a) The Governor of the National Bank...chairperson;
- b) Vice Governor of the National Bank as designated by the Governor...deputy chairperson;
- c) Five (5) Senior officers of the National Bank who possess knowledge and experience relevant for the designated responsibility as appointed by the Governor.... Members.

3/ The Financial Stability Committee

- a) shall meet every month and whenever necessary upon invitation by the Chairperson or in his absence, by the Deputy Chairperson.
- b) shall constitute a quorum when at least five (5) of the members are present; however, one of them shall be the Governor or Vice Governor.
- c) decision shall be made by simple majority vote of the members present. In case of a tie, the Chairperson or his delegate shall have a casting vote.

- d) may adopt its own rules of meeting and internal working procedures without prejudice to the provisions of this Proclamation.
- 4/ The Financial Stability Committee shall have its own secretary.
- 5/ The Financial Stability Committee shall once a year prepare a report on the stability of the financial system; such report shall be published after the approval of the Board.

25. Fiduciary Obligations

- 1/ In the course of discharging their lawful duties, members of the Board and the external members of the Monetary Policy Committee who are not employees of the National Bank, shall be obliged to:
 - a) act for the benefit of the National Bank and put the interests of the National Bank prior to their private interests;
 - b) take no advantage of their professional status for their personal benefit;
 - c) avoid any situations which may give rise to conflicts of interests.
- 2/ A Board member and an external Monetary Policy Committee member who are not employees of the National Bank must promptly and fully disclose to:
 - a) the Board any personal, commercial, financial, agricultural, industrial, or other interests that they may directly or indirectly hold or be associated with, including holdings by family members up to the second degree, when such interests are under consideration by the Board or the Monetary Policy Committee. In such cases, the member must abstain from participating in any discussions or voting related to these interests, although disclosure of such interests will not disqualify the member from constituting a quorum.
 - b) the National Bank any significant indebtedness or interests, whether personal, commercial, financial, agricultural, industrial, or other, that they or any family

member up to the second degree may directly or indirectly hold, or be associated with, as well as any related changes.

PART FIVE

RELATIONS OF THE NATIONAL BANK WITH THE GOVERNMENT

26. Fiscal Agent and Banker for the Government

- 1/ The National Bank shall act as a fiscal agent and banker for the Government and, in that capacity, it shall, in the name and for the account of the Government, engage in the following transactions:
 - a) accept deposits, collect or take custody of funds deposited by the Government in Ethiopia or abroad, and remit or effect payments and, where necessary, assign banks to carry out these functions in its name and for its account; furnish information regarding such accounts as and when requested by the Ministry;
 - b) purchase, sell, transfer or take custody of cheques, bills of exchange, promissory notes and securities;
 - c) purchase, sell, transfer or take custody of precious metals such as gold and silver, and foreign exchange;
 - d) administer expressly specified Government accounts in accordance with the arrangements to be made with the Ministry;
 - e) upon authorization by the Ministry, manage public debt transactions; and issue treasury bills, bonds, and other securities of the Government; and
 - f) buy and sell on the secondary market unconditional negotiable treasury bills and government bonds issued by the Government.
- 2/ The National Bank shall agree with the Ministry on reimbursement of the National Bank's operational costs acting as a Banker for the Government.

27. Credit

- 1/ The National Bank shall not extend direct or indirect credit to the Federal, Regional, Local Government, City Administration or Public Institution unless explicitly allowed by this Proclamation.
- 2/ The National Bank may provide temporary overdrafts on a Cash Flow Facility for the Government for duration no longer than 12 months. These temporary overdraft facilities shall not exceed 15 % (fifteen percent) of average annual general government domestic revenue of the previous three fiscal years.
- 3/ A temporary overdraft made to the Government shall be repaid upon its maturation and shall not be rolled-over. Any such temporary [overdraft facilities] shall bear interest rate calculated at monetary policy rate as determined by the National Bank.
- 4/ The power of the National Bank to make further overdrafts in a subsequent financial year shall not be exercised unless the amounts due in respect of the outstanding have been repaid in full within the maturity period.
- 5/ Without prejudice to sub-articles 2 and 4 of this article, in the event of a force majeure the Government may request the National Bank for any advance or loan beyond the limit provided under this article. Any such additional advance or loan shall be without prejudice to the National Bank's objective of ensuring price stability, comply with the Federal Government's limits on public debt, be limited in time as determined by the National Bank and remunerated at a market interest rate.
- 6/ For the purposes of sub article 5 of this article force majeure means an unexpected public health, natural disaster, drought, or a general state of emergency as promulgated by relevant law or significant external economic developments that negatively impact the Federal Government's revenue.
- 7/ The National Bank shall not guarantee any loan, advance or investment.

- 8/ The National Bank shall not purchase any treasury bills, bond, and other government securities on the primary market.

PART SIX

RELATIONS OF THE NATIONAL BANK WITH FINANCIAL INSTITUTIONS

28. Licensing, Regulation, Supervision, and Resolution

- 1/ The National Bank shall license, regulate and supervise financial institutions, on an individual basis and, as the case may be, on a consolidated basis in accordance with this Proclamation and other relevant laws, in order to promote the stability and soundness of financial institutions and the financial system.
- 2/ The National Bank shall act as the resolution authority of financial institutions. In that capacity, it shall prepare the financial institution for the resolution and take actions against a failed one as prescribed in accordance with pertinent laws, in order to maintain the stability of financial system by avoiding a disruption in the financial system, preserving the continuity of critical functions of a failed financial institution and minimizing the costs of resolution to the public.

29. Monetary Policy Instruments

- 1/ The National Bank may for the purpose of maintaining price and exchange rate stability, conduct the following operations:
- a) credit transactions with banks provided that they are solvent, and could provide adequate collateral as determined by the National Bank;
 - b) the direct purchase and sale or with a commitment to repurchase or lend financial instruments, foreign currencies, or precious metals; and
 - c) issue debt securities with a short-term maturity.

- 2/ As part of its monetary policy operations, the National Bank may offer eligible bank access to standing facilities in the form of a deposit, an overnight lending and intra- day facility.
- 3/ The National Bank may require a bank to hold minimum reserves on accounts with the National Bank.
- 4/ The National Bank shall determine by a directive the terms and conditions for its credit, open market operations, standing facilities, short-term debt instruments, and minimum reserve requirements, including the calculation and determination of minimum reserves and administrative penalties.

30. Lender of Last Resort

- 1/ The National Bank may grant temporary advances to a solvent bank that experiences a temporary liquidity problem. Such temporary advance shall bear an interest rate above monetary policy rates and on the condition that a bank:
 - a) implements corrective measures required by the National Bank; and
 - b) provides sufficient collateral for periods not exceeding six months and such period can be extended once.
 - c) Notwithstanding sub-article 1(b) of this Article, the National Bank may grant temporary advance to a solvent bank without collateral in accordance with terms and conditions to be determined by a Directive.
- 2/ Notwithstanding sub article 1 of this article, the National Bank for the purpose of maintaining financial stability, with the approval of the Ministry, may grant advances to banks whose solvency is in doubt.
- 3/ The advance provided under sub article 2 of this article, shall be granted when the Government provides a prior legally binding guarantee to the National Bank to limit any negative impact of such lending on the National Bank's financial position.

- 4/ The eligibility of recipient bank, the adequacy of collateral, the amount of interest rates to be charged, corrective measures to be taken, as well as procedures for providing temporary advance shall be determined by a directive to be issued by the National Bank.

31. Other Functions and Services

1/ The National Bank may:

- a) timely determine, on the basis of accessing the received deposit or any other scale, the amount of assets to be held by a financial institution in the form of cash, other liquid assets and government securities; and also timely order the deposit of the same asset with it;
- b) without prejudice to sub-article (1 a) of this Article, accept money on deposit form, and collect money for and on account of financial institution;
- c) provide payments and clearing services to financial institution;
- d) keep balances and act as agent or correspondent of a financial institution.

2/ The National Bank may charge fees for the services referred to sub-article (1) of this Article. Such fees shall be communicated in advance to the financial institution.

32. Domestic and Cross-Border Cooperation

- 1/ The National Bank, may conclude an agreement with domestic or foreign regulatory, resolution, or monetary authority for the purpose of coordinating, cooperating, and exchanging information relevant for the exercise of its powers and duties.
- 2/ Any information received from or shared with a domestic or foreign authority may only be used for the purpose that such information is provided for.

- 3/ The National Bank may not disclose any confidential information received from a foreign authority to any other body without the prior consent of the foreign authority, unless such disclosure is required by law or ordered by court or to protect the National Bank's interests in legal proceedings.
- 4/ Any domestic authority and its officers, receiving any confidential information from the National Bank, shall be subject to the provisions of Article 42 of this Proclamation.

33. Payment, Clearing, and Settlement Systems

- 1/ Subject to pertinent law, the National Bank may establish, own, participate in, operate, supervise, regulate and oversee payment, clearing and security settlement systems.
- 2/ The National Bank may provide facilities, including intra-day credit to payment, clearing and securities settlement systems, and their participants, to ensure the safety, soundness and efficiency of such systems.

34. Credit Reference System

The National Bank may:

- 1/ establish, own, license and regulate Credit Reference System and Credit Bureaus; and
- 2/ issue a directive to govern the operation, licensing and regulation of Credit Reference System and Credit Bureaus.

PART SEVEN

THE MONETARY UNIT AND LEGAL TENDER

35. Monetary Unit

- 1/ The monetary unit of Ethiopia shall be Birr and it shall be the legal tender of the country. The official abbreviation of the Birr shall be "Br", and "ETB" shall be the international currency code.

- 2/ The Monetary unit shall be divided into one hundred equal parts, named “cents”, the official abbreviation of which shall be “Ct”.
- 3/ All monetary transactions taking place in Ethiopia shall be presumed to be expressed in Birr unless validly agreed upon otherwise by the permission of the National Bank.
- 4/ All monetary transactions shall be recorded and settled in Birr unless otherwise authorized by the National Bank or provided for in any international agreement to which Ethiopia is a party.

36. Legal Tender

- 1/ The National Bank shall have the sole authority to issue legal tender.
- 2/ Birr notes lawfully in circulation within Ethiopia shall be unlimited legal tender in the settlement of all public or private debts.
- 3/ The inscription, dimension, design, denomination and other characteristics of legal tender notes shall be determined by the National Bank.
- 4/ The weight, fineness, inscription, dimension, design, denomination and other characteristics of coins shall be determined by the National Bank. Similarly, values of commemorative coins at which they shall be accepted as legal tender, their numbers to be minted, weight, fineness, inscription, dimension, design and other characteristics thereof shall be determined by the National Bank.
- 5/ Coins lawfully in circulation within Ethiopia shall be legal tender in the settlement of all public and private debts. Unless the parties agree otherwise, the amount of coins used for settlement of such debts shall not exceed ten Birr; provided, however, that the National Bank and banks shall, at the request of any holder, change into notes the holder’s coins.

- 6/ Whenever the security and features of a particular issue or denomination of notes or coins are changed or a particular issue or denomination of notes or coins cease to be legal tender as of a certain date, the National Bank shall
- a) declare such change or withdrawal by Directive;
 - b) announce such declaration through newspapers of wider circulation and other communication media; and
 - c) give to holders of such notes and coins reasonable time to exchange such notes and coins for new ones.
- 7/ The National Bank has the sole discretion to authorize or refuse the request for the reproduction of images of a legal tender.

37. Prohibitions related to Legal Tender

1/ No person:

- a) entering into, or departing from, Ethiopia shall carry with him an amount of legal tender in excess of an amount fixed or permitted by a Directive to be issued by the National Bank.
- b) shall make any payments using crypto-currency or any other digital or electronic currency unless permitted by the National Bank when it deems necessary.
- c) may without the prior written approval of the National Bank, intentionally or negligently destroy, deface, disfigure, mutilate, melt down, dissolves in any dissolvent, breaks up or damages in any way legal tender that has been minted or issued by the National Bank and put in circulation such a legal tender.
- d) shall engage in the reproduction of the image of a legal tender without the written authorization of the National Bank.

- e) shall without lawful authority, knowingly keeps in his possession any instrument used for or capable of being used for printing or reproducing any document purporting to be or in any way resembling or as to be calculated to deceive, a legal tender or a part of it.
 - f) shall without lawful authority make use of or knowingly possess a paper with a word, figure, device or distinction peculiar to and appearing in the substance of the paper used for legal tender or material upon which the whole or part of a legal tender purporting to resemble the legal tender has been engraved or made or any facsimile of the signature of any signatory whose signature has appeared on legal tender.
- 2/ The National Bank may issue Directive to provide the details for the physical protection of the legal tender of the country.

PART EIGHT

INTERNATIONAL RESERVE FUND AND FOREIGN EXCHANGE ADMINISTRATION

38. Maintaining International Reserve Fund

- 1/ The National Bank shall maintain among its assets an international reserve fund consisting of foreign currencies, foreign securities, gold or other international reserve assets.
- 2/ The National Bank shall endeavor to maintain, at all times, sufficient international reserve fund as provided for in sub-article (1) of this Article, to cover:
- a) payments for immediate and short term imports of commodities and services into the country;
 - b) foreign debt payment commitments; and
 - c) payments for basic services.

- 3/ If the international reserve has declined or, in the opinion of the Governor, appears to be in danger of declining or is at such a level that the Governor considers its adequacy in jeopardy, the Governor shall submit a report to the Board on the international reserve fund position and the causes that have led to, or may lead to, such a decline, together with recommendations concerning the measures the Governor considers necessary to forestall or otherwise remedy the situation. When the situation persists, the Governor may decline issuance of further foreign exchange permit.
- 4/ The National Bank may enter into bilateral or other international monetary, payment and related agreements which it deems are in the interest of the Bank and the country.

39. Regulation of Foreign Exchange

- 1/ The National Bank shall implement its foreign exchange policy in line with the foreign exchange regime, while having due regard to the obligations which Ethiopia has assumed in accordance with the provisions of international monetary agreements to which it is a party.
- 2/ No person shall engage in any transaction of foreign exchange except with banks or authorized dealers or with the special permission of the National Bank.
- 3/ The conditions, limitations and circumstances under which residents of Ethiopia, and non- residents visiting Ethiopia, or any other person may possess and utilize foreign currency or instruments of payments in foreign exchange shall be determined by Directive to be issued by the National Bank.
- 4/ The terms and conditions for transfer of foreign exchange to and from Ethiopia, and the export or import of valuable goods or the transfer of other valuable goods across the customs boundaries or frontiers of Ethiopia in any manner, the return of

such goods and the settlement of any foreign exchange that results, or that will result, from such export or import or transfer shall be determined by Directive to be issued by of the National Bank.

- 5/ Goods shall be imported on franco-valuta basis in accordance with the terms, circumstances and conditions to be determined by National Bank's Directive.
- 6/ The Ethiopian Customs Commission or a government body for the time being responsible for matters relating to customs, shall not allow import or export of valuable goods or foreign exchange unless conditions, circumstances and terms determined by the National Bank are fulfilled.
- 7/ The National Bank shall monitor foreign exchange transactions of financial institution through on-site inspection and off-site surveillance.
- 8/ Any bank, insurance company, authorized dealer or any other person shall, when directed by the National Bank, produce to it or its designated representative all information, books, records, accounts and other documents in its possession or control which may be required for the purpose of ascertaining whether or not the provisions of this Proclamation and Directives issued by the National Bank are complied with.

40. Transactions in International Reserve Assets

- 1/ The National Bank may buy, sell and hold foreign currency notes and coins and such other documents and instruments using various media as are customarily employed in international payments or transfers of funds.
- 2/ The National Bank may keep balances, denominated in foreign currencies, with foreign central banks, its agents or correspondents abroad, and may invest, at its discretion, such balances in time deposits, gold, readily negotiable foreign securities and other investment instruments.

3/ The National Bank may engage in foreign exchange transactions with the following:

- a) financial institution in Ethiopia;
- b) the Government, its agency, and institution;
- c) foreign central banks and financial institution;
- d) foreign government and agency; and
- e) international financial institution.

4/ Notwithstanding any other contrary provisions of law, the National Bank may, at its sole discretion, import, export, buy, sell, hold or otherwise deal in precious metals such as gold and silver.

5/ The National Bank may:

- a) appoint financial institutions and authorized dealers to engage in transactions involving foreign exchange, gold or silver;
- b) issue Directive relating to transactions in foreign exchange, gold or silver;
- c) delegate financial institution to issue foreign exchange permits.

PART NINE

MISCELLANEOUS PROVISIONS

41. Financial Service Consumer Protection

1/ Financial institutions shall act fairly and reasonably in all their dealings with financial service consumers.

2/ Financial institutions shall not:

- a) engage in unfair, deceptive or aggressive practices such as threatening, intimidating, violent, abusing or humiliating financial service consumers; and
- b) discriminate against any financial service consumer on the grounds of sex, race, ethnic origin, religion, political outlook or disability.

- 3/ Financial service consumers have the right to be heard in case of disagreement with financial institutions.
- 4/ Financial institutions shall have in place and operate appropriate and effective procedures, for receiving, considering and responding to complaints of their financial service consumers.
- 5/ The Council of Ministers may issue a Regulation pertaining to scope and governance of financial service consumer protection and financial complaint handling.

42. Collecting and Disclosure of Information

- 1/ The National Bank is empowered to collect any information from financial institutions and any other persons, as it may deem necessary to implement its powers and duties. Any person receiving any such request from the National Bank is under an obligation to furnish the relevant information within the time and in the manner prescribed by the National Bank.
- 2/ The National Bank shall not disclose the information it collected using its authority under sub article 1 of this article to any person, whether within or outside Ethiopia unless the disclosure is:
 - a) for the purpose of fulfilling the requirements of this Proclamation;
 - b) required to ensure soundness of the financial system;
 - c) made to recipients who are legally authorized to obtain such information;
 - d) made to the body to which the National Bank is accountable;
 - e) provided to domestic or foreign regulatory, supervisory, resolution or monetary authorities, subject to Article 32 of this Proclamation;
 - f) required by the interests of the National Bank in legal proceedings;
 - g) ordered by a court; or
 - h) required for the purpose of meeting obligations which Ethiopia entered into

under international agreements.

3/ Except when necessary to fulfill any duty imposed by this Proclamation or any other law, no person who serves or has served as a member of the Board, Governor, Vice Governor, or employee shall:

- a) permit access to, disclose or publicize confidential information which he has obtained in the exercise of his duties; or
- b) use such information, or allow such information to be used, for personal gain.

4/ The prohibition stated under sub article 3 of this article, shall also apply to any third person with whom the National Bank engages as an agent, expert, supplier or service provider, for the fulfillment of any responsibility imposed on the National Bank.

5/ Notwithstanding sub article 3 and 4 of this Article, such persons may disclose confidential information outside the National Bank, in accordance with a Directive to be issued by the National Bank, if such disclosure:

- a) is made in accordance with the express consent of the person about whom the information relates;
- b) fulfills a duty to disclose as imposed by law, including to assist lawenforcement or on the order of a court;
- c) is made to the external auditors of the National Bank.

6/ The National Bank shall determine by a directive the classification and accessibility of documents held by or drawn up by the National Bank.

43. Obligation to Provide Information

1/ Any person who has information about counterfeiting of legal tender, black market operations related to foreign currency and gold or other illegal activities committed in contravention of this Proclamation and any other relevant laws of the National

Bank shall immediately inform the National Bank or other law enforcement bodies.

- 2/ Where the information provided to the National Bank or other law enforcement bodies pursuant to sub-article (1) of this Article leads to confiscation of the property with which the crime is committed, a person that has provided information and support shall be rewarded in accordance with a Directive to be issued by the National Bank.

44. Conflict of Interest

1. An employee of the National Bank should always avoid situations which may give rise to conflict of interests with his professional duty and shall promptly disclose to the Bank any conflict of interest that may arise in the course of his duty.
2. Without prejudice to the generality of sub article 1 of this Article the National Bank may issue directive to govern the conduct of its employees in matters related to conflict of interests.

45. Protection from Personal Liability

- 1/ Any Board member, employee or agent of the National Bank may not be subject to any personal liability, action or any other claim for their bona fide acts done for the purpose of carrying out this Proclamation and other laws related to the authority and functions of the National Bank. This provision equally applies to any former Governor, Vice Governor, Board member, employee or agent of the National Bank.
- 2/ For the purposes of this article, abovementioned persons will be entitled to be indemnified for legal expenses incurred by them while defending against a lawsuit or claim for their actions or inactions in the discharge of their duties, provided that no final court ruling has ascertained they did not act in a bona fide manner. The Board shall issue directives in order to define the types of expenditure incurred and the defrayal procedures.

46. Exemption from Taxes and Court Fees

Without prejudice to any exemptions from payment provided under other laws, the National Bank shall be exempted from:

- 1/ the payment of income tax, value added tax, turnover tax, stamp duty, urban land rent and urban house tax or any other property tax, customs duties and taxes in respect of local and foreign currency notes and coins it imports and traveller's checks;
- 2/ making customs declaration when importing or exporting gold and silver and local and foreign currency notes and coins;
- 3/ the payment of court fees required by relevant law.

47. Procurement and Disposal of Property

The National Bank shall have the authority to determine by a directive its own procurement, property management and disposal system.

48. Central Bank Digital Currency

- 1/ The National Bank may issue Central Bank Digital Currency as a legal tender of the country.
- 2/ The Board may issue a Directive for the operation of Central Bank Digital Currency.

49. Staff Regulations

The employees and management staff of the National Bank shall be administered by a Directive to be issued by the Board.

50. Administrative Sanctions

- 1/ Notwithstanding criminal conviction of a person under Article 51 of this Proclamation, and without prejudice to the exercise of the National Bank's powers as provided under the relevant laws, the National Bank may issue Directive to impose administrative sanctions on a financial institution and/or its directors, chief executive officers or senior executive officers for breach of respective laws of financial institutions when it deems necessary.
- 2/ When a financial institution temporarily encounters an operational failure of system which may result into immediate threat to the safety, security and financial stability of the country, the National Bank may partially or totally order for suspension of that system of a financial institution for a maximum of 5 days.
- 3/ Notwithstanding to sub-article (2) of this Article, National Bank may order the freezing of any fund, account or any financial transaction when such a fund, account or any financial transaction reasonably suspected to be related to criminal activities for a maximum of 5 days and promptly report such action to the Financial Intelligence Service and other relevant law enforcement organs.
- 4/ The relevant law enforcement organ may as appropriate institute to a court that has jurisdiction for confirmation and extension of freezing within the period indicated in sub-article (3) of this Article.
- 5/ The National Bank may issue a Directive to impose administrative penalties for the obstruction of foreign exchange provisions of this Proclamation and Directives to be issued by the National Bank.

51. Penalties

- 1/ Whosoever:
 - a) in violation of the provisions of this Proclamation or Regulations or Directives issued pursuant to this Proclamation:

- 1/ engages in transactions of foreign exchange or fails to declare to a bank or authorized dealer when he acquires foreign exchange or the right to receive foreign exchange;
 - 2/ receives or effects payments in foreign exchange;
 - 3/ delays his receipt or extinguishes his right to receive foreign exchange.
 - 4/ leaves or attempts to leave or enters or attempts to enter Ethiopian territory carrying Ethiopian currency in excess of the amount fixed or authorized by the National Bank; or
 - 5/ is found carrying foreign exchange in excess of the amount fixed or authorized by the National Bank;
- b) with intent to evade the provisions of this Proclamation or Regulations or Directives issued pursuant to this Proclamation or to distort their application destroys, tears apart, alters, deletes or hides a document or produces false evidence or makes false declaration;
- c) discloses information in violation of Article 42 of this Proclamation; or
- d) in any other manner violates or obstructs the implementation of this Proclamation or Regulations or Directives issued pursuant to this Proclamation; shall, without prejudice to the confiscation of the property with which the offence is committed, be punishable in accordance with the provisions of the Criminal Code.
- 2/ Unless a higher penalty is applicable under the Criminal Code pursuant to sub-article (1) of this Article:

- a) the punishment shall, without prejudice to the confiscation of the property with which the offence is committed, be rigorous imprisonment not exceeding 15 years and fine not less than Birr 50,000 and not exceeding Birr 100,000 where the accused misused the power of his official position or where he committed the offence with intent to improperly amass wealth or where the offence is committed repeatedly;
- b) where the offence is connected with currency, gold, security, goods or any other property, the fine shall, without prejudice to the confiscation of the property with which the offence is committed and the punishment of imprisonment, not exceed three times the value of the property unless it is lower than that imposed under paragraph (a) of this sub-article;
- c) where the offence is committed by a body corporate, the fine may, without prejudice to the confiscation of the property with which the offence is committed, be raised to six times the value of gold, currency, security, goods or any other property with which the offence is committed unless it is lower than that imposed under paragraph (a) of this sub-article.

3/ Whosoever commits over or under invoicing of imported or exported goods shall, without prejudice to the confiscation of the property with which the offence is committed, be punishable with fine up to three times the value of the property unless it is lower than the fine specified under sub-article (2)(a) of this Article, and with rigorous imprisonment from 15 to 25 years.

4/ Whosoever contravenes the cash withdrawal and holding limits determined by the National Bank's Directive, without prejudice to the confiscation of the property with which the offence is committed, is punishable with simple imprisonment for a

period not exceeding three years or a fine not exceeding ten thousand Birr.

5/ Whosoever in violation of Article 37 (1(b), 1(c), 1(d), 1(e), 1(f) of this Proclamation and Regulations or Directives issued pursuant to this Proclamation:

- a) makes any payments using crypto-currency or any other digital or electronic currency unless permitted by the National Bank when it deems necessary
- b) without the prior written approval of the National Bank, intentionally destroys, defaces, disfigures, mutilates, melt down, dissolves in any dissolvent, breaks up or damages in any way a legal tender that has been minted or issued by the National Bank and put in circulation such a legal tender.
- c) without the written authorization of the National Bank, engage in the reproduction of the image of a legal tender.
- d) without lawful authority knowingly keeps in his possession any instrument used for, or capable of being used for, printing or reproducing any document purporting to be or in any way resembling or as to be calculated to deceive, a legal tender or a part of a legal tender.
- e) without lawful authority makes use of or knowingly possess a paper with a word, figure, device or distinction peculiar to and appearing in the substance of the paper used for legal tender or material upon which the whole or part of a legal tender purporting to resemble legal tender has been engraved or made or any facsimile of the signature of any signatory whose signature has appeared on legal tender,

without prejudice to the confiscation of the property with which the offence is committed, is punishable with simple imprisonment for a period not exceeding three years or a fine not exceeding ten thousand Birr.

- 6/ Where any offence under this Article is committed by a body corporate, the director or any other official who was, at the time of the commission of the offence, responsible for the management of the body corporate shall be jointly liable and shall be punishable with rigorous imprisonment from seven to ten years and with fine from Birr 50,000 to Birr 100,000, unless he can prove sufficiently to of the court that he had no knowledge and could not, by the exercise of reasonable diligence, have had knowledge of the commission of the offence.
- 7/ Where the offence is committed by an employee or an agent of a body corporate, such employee or agent shall be punishable in accordance with sub-article (6) of this Article, unless he can prove sufficiently to the court that he had no knowledge and could not, by the exercise of reasonable diligence, have had knowledge of the commission of the offence.
- 8/ Whosoever intentionally or negligently fails to respect fully or partially the duties provided under sub-article (1) of Article 42 of this proclamation shall be punishable in accordance with the relevant provisions of the Criminal Code.

52. National Financial System Stability Committee

The Council of Ministers may issue Regulation to establish a National Financial System Stability Committee which will be chaired by the National Bank.

53. Power to Issue Regulation and Directive

- 1/ Based on the initiation of the National Bank, the Council of Ministers may issue Regulations necessary for the implementation of this Proclamation.
- 2/ The National Bank may issue Directives necessary for the implementation of this Proclamation and Regulations issued pursuant to Sub-Article (1) of this Article.

54. Repealed and Inapplicable Laws

- 1/ The National Bank of Ethiopia Establishment (as amended) Proclamation No. 591/2008.
- 2/ Administration of Employees of National Bank of Ethiopia Council of Ministers Regulation No.157/2008.
- 3/ Reorganization of the Management of the National Bank of Ethiopia Council of Ministers Regulation No. 172/2009.
- 4/ The Revised Regulation on the importation of goods on Franco-Valuta basis Council of Ministers Regulation No.88/2003.
- 5/ No law, Regulation or Directive, inconsistent with the provisions of this Proclamation, shall have force with respect to matters provided for in this Proclamation.

55. Saving Provision

- 1/ Administration of Employees of National Bank of Ethiopia Council of Ministers Regulation No.157/2008 and Establishment and Operation of Ethiopian Deposit Insurance Fund Council of Ministers Regulation No.482/2021 issued in accordance with the repealed Proclamation shall continue to be effective to the extent that it is not inconsistent with this Proclamation and until such time as it is replaced by new National Bank Directive or Regulation to be issued by the Council of Ministers, respectively.
- 2/ Directives issued in accordance with the repealed Proclamation shall continue to be effective to the extent that they are not inconsistent with this Proclamation and until such time as they are replaced by new Directives.

56. Effective Date

This Proclamation shall enter into force up on the date of publication in the Federal Negarit Gazeta.

Done at Addis Ababa, this _____ day of _____, 2024

SAHLEWORK ZEWDE

PRESIDENT OF THE FEDERAL DEMOCRATIC

REPUBLIC OF ETHIOPIA

Draft & CONFIDENTIAL